

AR12

Inqlis

ANNUAL REPORT 1973

FINANCIAL HIGHLIGHTS

	1973	1972
Sales.....	\$92,027,000	\$78,074,000
Net earnings.....	\$ 3,660,000	\$ 2,616,000
Per share.....	\$ 2.78	\$ 1.99
Depreciation and amortization.....	\$ 1,144,000	\$ 1,152,000
Preproduction expenses written off...	\$	\$ 451,000
Working capital.....	\$15,293,000	\$14,006,000
Shareholders' equity.....	\$20,216,000	\$16,754,000
Per share.....	\$ 15.36	\$ 12.73

Directors

Charles-Émile Bélanger
 Sidney L. Boyar
 John A. Boyd
 Air Marshal Hugh Campbell,
 C.B.E., C.D.
 James D. Irving
 Conde G. Maiden
 J. Geoffrey Notman, O.B.E.
 Douglas J. Peacher
 R. Barrett Simpson
 Humphrey B. Style
 Robert C. Upton
 Robert B. Willemín

Officers

Robert B. Willemín
 Chairman of the Board
 Conde G. Maiden
 President and
 Chief Executive Officer
 R. Barrett Simpson
 Vice President—Finance,
 Treasurer and Secretary
 Frank H. Henson
 Vice President—Manufacturing
 G. Hubert Morris
 Vice President—Personnel and
 Industrial Relations
 Paul F. Armbruster
 Vice President—Sales and
 Marketing—Inglis
 Edward J. Von Arb
 Vice President—Engineering
 Arthur H. Franzen
 Vice President—Sales to
 Simpsons-Sears
 Edward E. McCormack
 Comptroller
 Donald H. Hobbs
 Assistant Secretary

Bankers

The Royal Bank of Canada
 20 King Street West,
 Toronto, Canada M5H 1C4

Auditors

Clarkson, Gordon & Co.
 P.O. Box 251, Toronto-Dominion Centre
 Toronto, Canada M5K 1J7

Transfer Agent and Registrar

Canada Permanent Trust Company
 20 Eglinton Avenue West,
 Toronto, Canada M4R 2E2
 600 Dorchester Blvd. West,
 Montreal, Canada H3B 1N6

INGLIS LIMITED

14 Strachan Avenue, Toronto, Canada M6K 1W6

REPORT OF THE BOARD OF DIRECTORS

To the Shareholders:

Your Directors present herewith the Annual Report of your Company for the year ended December 31, 1973.

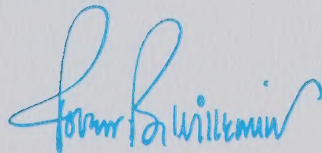
Net sales for the year ended December 31, 1973 amounted to \$92,027,000 compared to net sales of \$78,074,000 for the year ended December 31, 1972, an increase of about 18%. Net earnings for 1973 were \$3,660,000 or \$2.78 per share, as compared with net earnings of \$2,616,000 or \$1.99 per share for 1972, an increase of 40%. The reduced income tax rate in effect for 1973 had the effect of increasing 1973 net earnings by 29¢ per share.

The increased sales volume for the year reflects the continued strong consumer demand for major appliances. The improved earnings are a result of the increased volume together with aggressive cost reductions and stringent cost control programmes which helped to offset the effects of rapidly rising material and other manufacturing costs. Despite such increased costs the selling price to the public of major appliances has not risen in proportion to that of most other consumer goods and, as a result, appliances continue to be one of the best values available to the Canadian consumer.

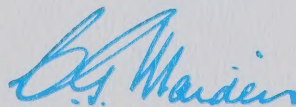
The major appliance industry has forecast an increase in volume for 1974 but at a reduced rate of growth as compared to the last three years; we expect to maintain our share of the growing market.

Your Directors wish to record their appreciation of the loyalty, support and efforts of Company employees during the year.

On behalf of the Board,



ROBERT B. WILLEMIN
Chairman of the Board



CONDE G. MAIDEN
President and Chief Executive Officer

February 27, 1974

INGLIS LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET

DECEMBER 31, 1973 (with comparative figures for 1972)

Assets	1973	1972
Current Assets		
Accounts receivable.....	\$11,878,000	\$ 9,744,000
Inventories (note 2)—		
Finished products.....	11,264,000	12,036,000
Materials and work in process.....	8,572,000	7,010,000
	19,836,000	19,046,000
Prepaid expenses.....	445,000	414,000
Total current assets	32,159,000	29,204,000
Fixed Assets (note 2)		
Land.....	424,000	424,000
Buildings.....	6,359,000	4,551,000
Equipment.....	11,201,000	9,952,000
	17,984,000	14,927,000
Less accumulated depreciation.....	7,698,000	7,094,000
	10,286,000	7,833,000
Unamortized tooling costs.....	1,137,000	469,000
	11,423,000	8,302,000
	\$43,582,000	\$37,506,000

On behalf of the Board:

Robert B. Willemin, Director

Conde G. Maiden, Director

Liabilities

Current Liabilities

	1973	1972
Bank advances (note 3).....	\$ 4,120,000	\$ 453,000
Short-term notes payable.....		1,000,000
Accounts payable, warranties and accrued charges	10,015,000	9,490,000
Income and other taxes payable.....	1,688,000	3,426,000
Deferred service contract revenue (note 2)	1,043,000	829,000
Total current liabilities	16,866,000	15,198,000

Provision for warranty (note 2)	1,300,000	1,100,000
Deferred income taxes (note 2)	1,200,000	454,000
Long-term debt (note 4)	4,000,000	4,000,000

Shareholders' Equity

Capital—

Authorized		
1,500,000 shares of no par value		
Issued		
1,315,831 shares.....	11,814,000	11,814,000

Retained earnings	8,402,000	4,940,000
	20,216,000	16,754,000
	\$43,582,000	\$37,506,000

(See accompanying notes to financial statements)

INGLIS LIMITED

For the year ended December 31, 1973 (with comparative figures for 1972)

STATEMENT OF EARNINGS

	1973	1972
Sales.....	<u>\$92,027,000</u>	<u>\$78,074,000</u>
Earnings on operations before the undernoted.....	<u>\$ 8,223,000</u>	<u>\$ 7,384,000</u>
Less:		
Depreciation and amortization.....	1,144,000	1,152,000
Interest on long-term debt.....	310,000	260,000
Other interest expense.....	347,000	391,000
Preproduction expenses written off.....		451,000
	<u>1,801,000</u>	<u>2,254,000</u>
Earnings before income taxes.....	<u>6,422,000</u>	<u>5,130,000</u>
Income taxes (note 2).....	<u>2,762,000</u>	<u>2,514,000</u>
Net earnings for the year	<u>\$ 3,660,000</u>	<u>\$ 2,616,000</u>
Earnings per share.....	<u>\$2.78</u>	<u>\$1.99</u>

STATEMENT OF RETAINED EARNINGS

	1973	1972
Retained earnings at beginning of year.....	<u>\$ 4,940,000</u>	<u>\$ 2,324,000</u>
Net earnings for the year	<u>3,660,000</u>	<u>2,616,000</u>
	<u>8,600,000</u>	<u>4,940,000</u>
Dividends.....	<u>198,000</u>	
Retained earnings at end of year.....	<u>\$ 8,402,000</u>	<u>\$ 4,940,000</u>

(See accompanying notes to financial statements)

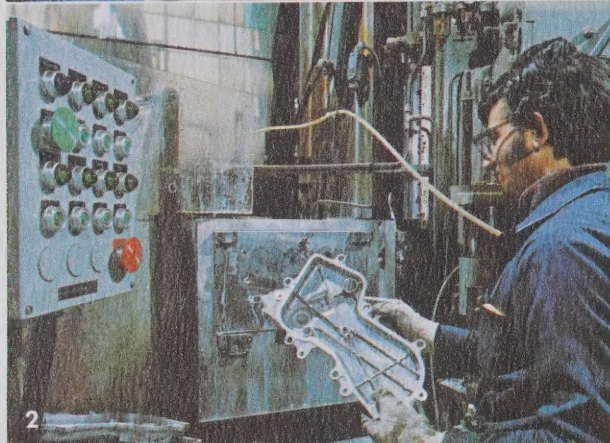
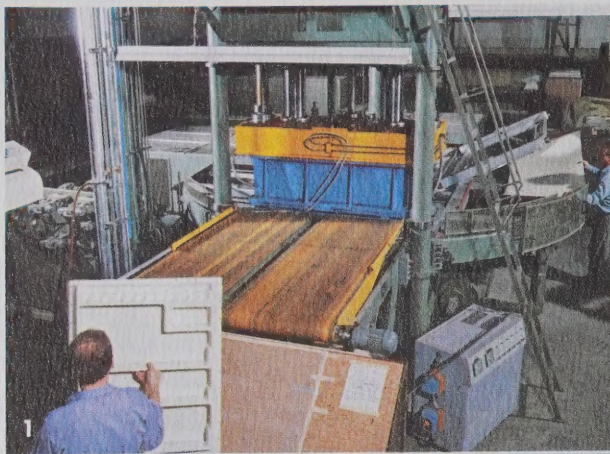
INGLIS LIMITED

For the year ended December 31, 1973 (with comparative figures for 1972)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1973	1972
Working capital at beginning of year	<u>\$14,006,000</u>	<u>\$10,654,000</u>
Source of funds:		
Operations—		
Net earnings for the year	3,660,000	2,616,000
Depreciation and amortization	1,144,000	1,152,000
Preproduction expenses written off		451,000
Deferred income taxes	746,000	326,000
Increase in long-term warranty provision	200,000	500,000
	<u>5,750,000</u>	<u>5,045,000</u>
Term loan (note 4)	4,000,000	
	<u>9,750,000</u>	<u>5,045,000</u>
Application of funds:		
Redemption of debenture (note 4)	4,000,000	
Additions to fixed assets (net)	4,265,000	1,693,000
Dividends	198,000	
	<u>8,463,000</u>	<u>1,693,000</u>
Increase in working capital	<u>1,287,000</u>	<u>3,352,000</u>
Working capital at end of year	<u>\$15,293,000</u>	<u>\$14,006,000</u>

(See accompanying notes to financial statements)



During 1973, the Company continued its major investment programme in facilities and equipment. This programme has been successful in attaining further improvement in product quality, reduction in manufacturing costs and additional capacity to meet the greatly increased demand for Inglis appliances. The integration of manufacturing in our plants as a result of the substantial investment in equipment has created more jobs for Canadians. Employment in the hourly rated sector increased from 1361 to 1593. Completion of the major addition to the Stoney Creek Plant provided improved receiving and shipping docks as well as a centralized storage area, and permitted a more efficient layout of production equipment. Concentrated effort on our planning and scheduling function played a major part in enabling material suppliers to meet our increased demands. Their cooperation contributed greatly to our increased efficiency. The Company's Service network has been considerably expanded throughout Canada ensuring prompt and efficient service to all users of Inglis appliances.



1. One of the automatic machines that helps maintain the high quality standards of Inglis refrigerators is the modern and efficient vacuum former used to produce inner door panels.
2. Gear case covers are accurately machined on new equipment which performs eight operations automatically following a single jig loading.
3. One of the two new injection molding machines at the Toronto Plant.
4. The Compact Washers and Dryers have been designed to conserve space and are portable.

5. Laundry machine and refrigerator porcelain parts moving through an early quality acceptance inspection station.
6. Constant attention is given to workmanship in the manufacture of all the Company's products. Pictured are refrigerator door assembly operations.
7. A query from this typical terminal at the Stoney Creek Plant is typed directly into the computer in Toronto. The answer is flashed back on the visual display screen in seconds.
8. Everything you'd expect and then some.

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INGILIS LIMITED

14 Strachan Avenue, Toronto, Canada M6K 1W6